

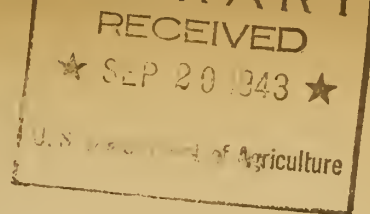
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WAR FOOD ADMINISTRATION
FOOD DISTRIBUTION ADMINISTRATION

A
FACING FOOD FACTS



Address by Dan A. West, Chief, Wholesalers and Retailers Branch

Food Industry War Emergency Conference
California Retail Grocers and Merchants Association, Fresno,
September 20, 1943

The opportunity to speak before this group is one which I find unusually challenging. During the past two days I have enjoyed seeing old friends, hearing again the classic stories of triumphs and tribulations in food distribution. Because I feel so friendly toward this Association and its membership I should warn you that your secretary is a dangerous, if not irresponsible, man. Not only did he invite me to speak here tonight - he failed to establish the two important safeguards which serve as a "muzzle" to speakers. I refer, of course, to a time limit, and a limitation on content, which could easily have been achieved if your secretary had given me a subject. Having permitted me to choose my own subject, and to set my own time limit, your secretary has placed you in a very vulnerable position.

With all this freedom of choice, I have elected to speak to you for twenty minutes on the subject, "Facing Food Facts." My choice was based upon two considerations: First, the belief that there has been entirely too much loose talk about a national food "scandal" as well as about the general food program, and second, the knowledge that you food men are accustomed to dealing with facts and appreciate talk which comes straight from the shoulder.

Because all of you may not be fully conversant with the work of the Wholesalers and Retailers Branch of the Food Distribution Administration, I should like to take this opportunity to tell you that we stand ready to assist you in solving your problems in any way possible. Some of you know that we have worked with the industry in presenting your case to the War Manpower Commission. We have tried to keep you informed concerning regulations which affect your operations. In addition, we try to keep the Food Distribution Administration informed concerning the problems you face and the ways in which they can be met.

With this introduction, I should like to call your attention to four important food facts.

Fact No. 1: Food is a weapon.

In those four words is a fundamental truth which has often been overlooked. Constant repetition of the phrase has deprived it of meaning.

Food cannot achieve its rightful fighting place in this war until all of us realize that it is a weapon and must be viewed as such. Thousands of Americans still regard food as a commodity which adds variety to life, or which serves its most useful purpose in providing gustatory satisfaction, or which has more social than nutritional purpose. Others, as Mr. Hendrickson pointed out last spring, have adopted food as the silk shirt of this war - the commodity which becomes important in our pattern of "conspicuous consumption."

Wisely used, food abroad can win battles and increase our hold on occupied territories. It can save lives and speed the day of victory. It can build strength in our fighting men and bring new hope and courage to the people of areas liberated by our troops. It can serve as powerful evidence of this Nation's sincerity in promising "to bring food for the starving and medicine for the sick." At home, food can maintain our own civilian population at a high level of health and efficiency.

Let us not lose sight of the fact that the fundamental purpose of food is nutrition. We civilians must learn to rely on foods which are nutritious, which furnish the elements necessary to health and efficiency; rather than upon all the foods to which we have been accustomed. Specifically, we must learn to rely more upon the protein in soybeans, peas, and beans - and less upon the protein in meat. We must expect to eat more bread, macaroni, spaghetti, and cereals than we previously consumed. This does not mean a "coolie diet" for American civilians.

I realize that habit is undoubtedly the most important single factor in influencing people's thinking about food. In wartime, however, we change many habits...and our food habits must also be susceptible to change. After all, the Army constantly changes its weapons in order to fight more effectively. Food is the one weapon which civilians handle - and civilians, too, must be able to adjust their use of this weapon to war's demands.

Fact No. 2: Our food supply situation will not improve within the next two years.

Although we have had an increase in certain crops this year, it is probable that our total production will not exceed that of 1942. Certainly we cannot expect to maintain the rate of gain of 1941 and 1942.

At the same time, our needs continue to increase. The peak of our military strength has not yet been reached, which means that the peak of the Army's food requirements has not yet been reached. Lend-Lease requirements continue to increase; we have not yet used any appreciable amount of food in liberated areas. In addition, there is increasing dollar demand by civilians.

I do not mention these facts in a spirit of pessimism, but rather in an effort to call your attention to the serious demands which war makes upon our food supply. If we keep constantly before us the idea that this weapon, food, must be judged in its importance along with the production and the use of other weapons, then we can be realistic about it.

We can realistically acknowledge, for instance, that it would probably be possible to process more food in 1944 by making available labor which would otherwise go into the aircraft and shipbuilding industries. We can decide realistically whether such a utilization of our labor supply would advance the war effort. In short, we can evaluate the several uses to which our resources could be put, weighing the production of certain foods against production of other foods, weighing the production of foods against the production of other weapons, and make a logical choice.

I think the answer must be this: We cannot expect to expand food production indefinitely; but we can make more intelligent use of the food we have.

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As an example of the choices which confront us in the utilization of our food supply, let me cite the case of fluid milk. You have probably read that the Food Distribution Administration is inaugurating sales restriction plans in large urban areas. The purpose is to hold the consumption of milk as fluid milk to June levels, in order that more milk may go into cheese, butter, and evaporated milk.

Milk output during 1942 reached an all-time high of slightly more than 119 billion pounds. This year we will probably have about 118 billion pounds. In spite of stories of killing off the dairy cows, the number has actually increased. Production per cow is, however, lower than last year.

With total milk production slightly lower in 1943 than in 1942, we are faced with the fact that fluid milk and cream consumption so far in 1943 has reached the highest level on record. Recently, the consumption of fluid milk has mounted at the rate of 1 percent each month. On the other hand, production of cheese and evaporated milk has declined, and may be smaller in 1943 than in 1942. Production of butter so far this year has been about as high as last year, but probably would have declined during the last 4 months of this year in the absence of sales restrictions on fluid milk.

In short, with a given total milk production of about 118 billion pounds for 1943, we have to take some action which will insure the necessary amounts of butter, cheese, evaporated milk, and dried skim milk. Otherwise, civilians of this country will literally "drink up the butter"...or the cheese.

The plan to limit sales of fluid milk, which will go into effect in the major urban areas within a few weeks, calls for dealer quotas, which will represent the maximum sales or deliveries of milk, cream, and fluid milk products they may make. Separate quotas may be fixed for deliveries to various classes of purchasers, such as wholesale outlets, retail stores, restaurants, and homes. As a protection to consumers, dealers will be required to make equitable distribution of their sales.

I am happy to be able to tell you that retailers will probably not be cut below their use in recent months; there is a good chance for a small increase. You can make a real contribution to the success of this program by distributing equitably those supplies which you receive from dealers. It will be up to you to see that milk is available to the war worker who comes into your store to shop late in the afternoon, as well as to the housewife who can get there early in the day. Your help in making this sales limitation plan work will help to forestall consumer rationing. I trust we can count on you.

Fact No. 3: Although the United States cannot "Feed the world," we must meet certain food needs of our Allies.

Much of the discussion concerning post-war plans seems to hinge upon whether we should send foodstuffs to relieve the suffering in countries which have become battlegrounds in the present war. More often than not, the question is viewed as a moral issue, turning upon whether it is right or wrong for us to supply food for the world. To a lesser extent, the same tinge of morality centers around Lend-Lease commitments.

Actually, the question is a practical one. To what extent could the United States "feed the world"? To what extent can the United States supply

food needed now by our Allies?

The fact is that the United States has never been and cannot now become the food basket of the United Nations. Historically, our food production has constituted only a small fraction of total world production and of the total food moving in world trade.

The major commodities moving in world trade during peace times were meat, wheat, and sugar. In 1938 United States exports of meat constituted less than 8 percent of the total meat exported by all countries. The percentage for wheat prior to the war was about the same. In the case of sugar, of course, the United States was an importing nation, acquiring from abroad about one-third of all the sugar moving in international trade.

It seems obvious, therefore, that the United States cannot supply large quantities of all foods which will be needed to bring about post-war reconstruction. Nevertheless, it is important now that we meet certain basic needs of our Allies.

Thus far we have sent to the United Kingdom meat, dairy products, dried fruits, dried eggs, and fats and oils. This has compensated in part for the loss of European sources of these items. Similar foods have been shipped to Russia to make up in part for the loss of production from occupied areas. Between 15 and 20 percent of our food production may be exported under Lend Lease in 1943. The importance of this contribution lies not so much in the quantity of food in relation to our Allies' total supply as it does in supplementing their supplies with food most needed to bring their diets into balance.

The urgency of Russia's need for fats and oils is revealed in the use to which these commodities have been put. Thus far, in 1943 we have sent a total of 264 million pounds of fats and oils to Russia. Of this, less than 7 percent was butter and nearly 60 percent was linseed oil. Also included were 38 million pounds of lard and 25 million of shortening. Linseed oil--used mainly in paint in the United States--is used by the Russians in bakery products, for frying, on salads, and in cooked cereals. Lard--when they can get it--becomes a spread for bread, taking the place of butter among civilians. Most butter and oleomargarine go to the Red Army or to hospitals.

Since certain highly nutritious foods conserve shipping space and help to bring about a better balance in the restricted diets of our Allies, these foods must constitute the bulk of our Lend-Lease exports. Frequently, these are foods which our own civilians, with the augmented incomes of today, would buy in larger quantities than in pre-war days. With the wider variety of foods available to us at home, there is the opportunity for us to accept a few alternate foods. In doing so, we must realize that we are actually making a powerful weapon available to our Allies, without depriving ourselves of significant amounts of essential foods. The fact that the Russians have given food shipping priority over military equipment demonstrates their vital need.

Fact No. 4: Our real food problem today is that of distribution.

The farmers of this country have achieved spectacular records in producing food during the past few years. I have already pointed out that we cannot expect continued large increases. The problem, then, becomes one of equitably distributing the food that we have, in order to secure its maximum utilization. We must see that food reaches the people who need it. We must cut distribution waste to a minimum. We must not be complacent about our distribution patterns.

So far as distribution is concerned, England's wartime food management has far excelled our own. The average low-income family in England is better fed than before the war, in spite of the fact that England as a whole is consuming less food. Obviously, this is possible only because the high-income families are eating less. Because of an efficient distribution system, British low-income consumers are nearly as well fed as the rest of the population, and far better fed than many American low-income groups.

True, the diet of even the wealthy British family would seem dull and monotonous in comparison with the food which we have consumed here tonight. Dullness and monotony are a small price to pay, however, for the assurance that the entire population of a country is adequately fed from a nutritional point of view. Recent surveys of thousands of British families in low-income areas have failed to disclose cases of malnutrition outside of institutions. Can we in America make the same claim for our own low-income groups?

The importance of distribution in our war food program places you food merchants squarely on the firing line. Your responsibilities will continue to increase. There may be significant changes in the demands placed upon you, but you have been resourceful in the past and I'm sure will grasp the opportunity to evaluate your contribution toward winning the war. Questions which you will want continually to ask yourself are these: Am I distributing food as economically and as fairly as I can? Am I justifying my position in the food distribution pattern?

You know and I know that many of you are enjoying the greatest prosperity you have ever experienced. We know that the advantage you have gained in recent months is in large part a by-product of increased incomes, coupled with restrictions upon consumer durable goods which throw more money into the purchase of "soft goods," including food. The far-sighted members of the food industry are looking for ways of consolidating these gains. Let me urge you, as strongly as I can, to join in that search. This is your opportunity to demonstrate that you perform a vital wartime service economically and well. This is a time for increased economy of operations, for lower prices to the consumer, for first-class merchandising tinged with a dash of pioneering.

There is strong evidence that certain elements in food retailing have taken the opposite point of view. They have seized upon wartime as the proper time for higher mark-ups; they are ignoring the Government's anti-inflation program. They are, in my opinion, harming themselves and the industry by their short-sighted and unpatriotic actions.

Let me give you an example of the practices of certain retailers in one city in which we recently checked margins on fresh fruits and vegetables.

Checking 16 stores in a variety of neighborhoods, we found that less than half were operating within the legal margins for such items as cabbage, lettuce, potatoes, onions, and lemons. I cannot believe that ignorance of OPA regulations is the cause for these flagrant violations. The percentage mark-ups which are now permitted on certain fresh fruits and vegetables are easy to understand and are equitable. Any grocer is accustomed to figuring mark-ups -- that's the first thing we teach the help. No, I cannot believe that ignorance causes grocers to mark cabbage up 70 percent when the OPA permitted mark-up is 40 percent, or to take 60 percent on lettuce instead of the legal margin of 40.

Neither can I understand why certain grocers have forgotten how to merchandise an item which is plentiful and nutritious. All of us who were in business during the depression years certainly should have learned that lesson. Can't we apply it once more to the items which are in abundant supply? I am thinking particularly of potatoes. We have asked the cooperation of all wholesalers and retailers to move the bumper crop into consumption at reasonable prices. The farmers did a splendid job in meeting the Government's request for increases in potato production this year. Can't we do an equally good job in getting these potatoes distributed? We have had splendid cooperation from a large number of wholesalers and retailers. However, a member of my staff found potatoes selling in a midwestern city last week for eight cents per pound! What does the housewife think when she learns from the newspaper, or over the radio, that potatoes are plentiful and then is asked to pay a scarcity price for them?

What kind of ammunition does this kind of practice give the critics of food retailing? I don't need to tell you that in certain responsible and active circles there is a decided opinion that food retailing ... particularly through small retailers ... is inefficient and costly. I don't need to tell you that there is a Congressional investigation scheduled this fall to explore wholesale and retail mark-ups in food and to determine how distribution economics could be effected. Isn't this the time to demonstrate your ability to serve the public as efficiently as possible?

There are many of us who believe that our way of life calls for the maintenance of opportunity for small investors to enter the food business. We believe that any regulations issued by the Government must not discriminate against a man because he is small. We maintain that size alone is no measure of efficiency of operations.

Yet who can defend some of the practices in which certain retailers are now engaging? Who can justify the continuation of a business which flagrantly announces itself as a high-cost, uneconomical operation? If a retailer requires a mark-up of 70 percent to sell cabbage, is his continuation in food distribution socially and economically desirable?

I say this to you in all sincerity: You are on trial today. You have the opportunity to demonstrate your ability to do a first-class merchandising job. If you are wise, you will seize this opportunity to consolidate the gains which have been yours in recent months. You will continue to hold the increased volume of business which war has brought. You will answer the critics who have labelled food retailing as wasteful and uneconomic. Many of you have worked for years to establish yourselves as low-cost food

distributors. Don't be tempted now to lose that reputation. Don't lose sight of the fact that you will need your customers after the war just as badly as they need you now.

You have taken as your slogan "Victory with Individual Enterprise." I have tried to point out the opportunities you face to demonstrate the value of this enterprise to the communities you serve. I maintain that there is an important place in food distribution for the business - regardless of size - which is doing an honest conscientious job of getting fairly priced food to the people of this country. Individual enterprise can and will survive, yes. But it will survive not because of flag waving or of conventions or conferences - but - because it performs a necessary service economically and well.

